

Goodwin Procter Structures Historic Street-Improvement Financing for the City of Oxnard

Law Firm Creates Another Historic First in Public Works Finance with Issuance of \$27.7 Million in Gas Tax Revenue Obligations for Transportation Improvements

LOS ANGELES January 7, 2008 -- Goodwin Procter LLP, one of the nation's leading law firms with more than 850 attorneys, announced today that the firm represented the City of Oxnard, located in Ventura County, in a historic street-improvement financing that is likely to strongly influence the future application of local gas tax revenues in the State of California. The financing allows the City of Oxnard to securitize future state gas tax receipts without pledging the City's general fund, and paves the way for other municipalities throughout the State to follow suit.

"By law, California cities and counties receive a portion of the State's 18 cents-per-gallon tax on gasoline," said Bruce J. Graham, Real Estate and Public Finance Partner at Goodwin Procter. "The cost to construct and maintain local streets and highways often substantially exceeds gas tax revenues received by local government in any given year, resulting in a haphazard approach to street construction, maintenance and repair. Because only 25% percent of the gas tax revenues received by a city or county may be pledged to pay bonded indebtedness incurred to finance street and highway construction, and because it must be voter-approved, the ability to finance transportation improvements using bond financing is severely constrained."

In response, Goodwin Procter helped pioneer a financing structure that allows cities and counties to leverage future gas tax revenues to comprehensively finance current transportation infrastructure needs, while complying with applicable state and federal laws.

The legal structure of the Oxnard transaction involved the City selling designated unimproved streets to a joint powers agency responsible for completing the streets, with the City then purchasing the completed streets through an installment purchase agreement. The purchase price of the improved streets will be paid from installment payments made by the City solely from gas tax revenues - as distinguished from City general fund revenues - that are to be received over the next 30 years. The joint powers authority assigned its right to receive the installment payments to a trustee, which executed and delivered \$27.7 million in so-called certificates of participation. The certificates of participation evidence undivided fractional interests in the installment payments received by the trustee. A portion of each installment payment is designated as tax-exempt interest, which is paid to the investors over time. Proceeds from the certificates of participation pay the costs of constructing and improving the streets.

"The use of certificates of participation is not new in California, but the creative

application of this financing vehicle to transportation improvements is a first," said Los Angeles Chairman and National Public Finance Team Leader Lewis G. Feldman.

"The City of Oxnard financing represents the first time that gas tax revenues have been specifically and exclusively pledged as security under an installment payment structure. It is also the first time an AAA-rated bond insurer has insured a financing based upon a gas tax revenue-only pledge."

The Goodwin Procter legal team representing the City of Oxnard was led by Bruce J. Graham and Lewis G. Feldman. Goodwin Procter represented the City of Oxnard as both Bond Counsel and Disclosure Counsel. Municipal bond insurer, XL Capital Assurance Inc., insured the financing and provided the securities with a Standard & Poor's rating of "AAA." The securities also received an underlying rating of "A" from Standard & Poor's.

"Our entire team is extremely proud to have represented the City of Oxnard in this historic issue," said Feldman. "The key to this innovative financing structure is that it gives the City of Oxnard financial flexibility without jeopardizing other critical funding sources."

Prior to the execution and delivery of the certificates of participation, Goodwin Procter obtained an approving judgment of the financing from the Ventura County Superior Court.

About Goodwin Procter

Goodwin Procter LLP is one of the nation's leading law firms with offices in Boston, Los Angeles, New York, Palo Alto, San Diego, San Francisco and Washington, D.C.

The firm's core areas of practice are corporate, litigation and real estate, with specialized areas of focus in financial services, private equity, technology and life sciences, REITs and real estate capital markets, intellectual property and products liability. Additional information may be found at www.goodwinprocter.com.